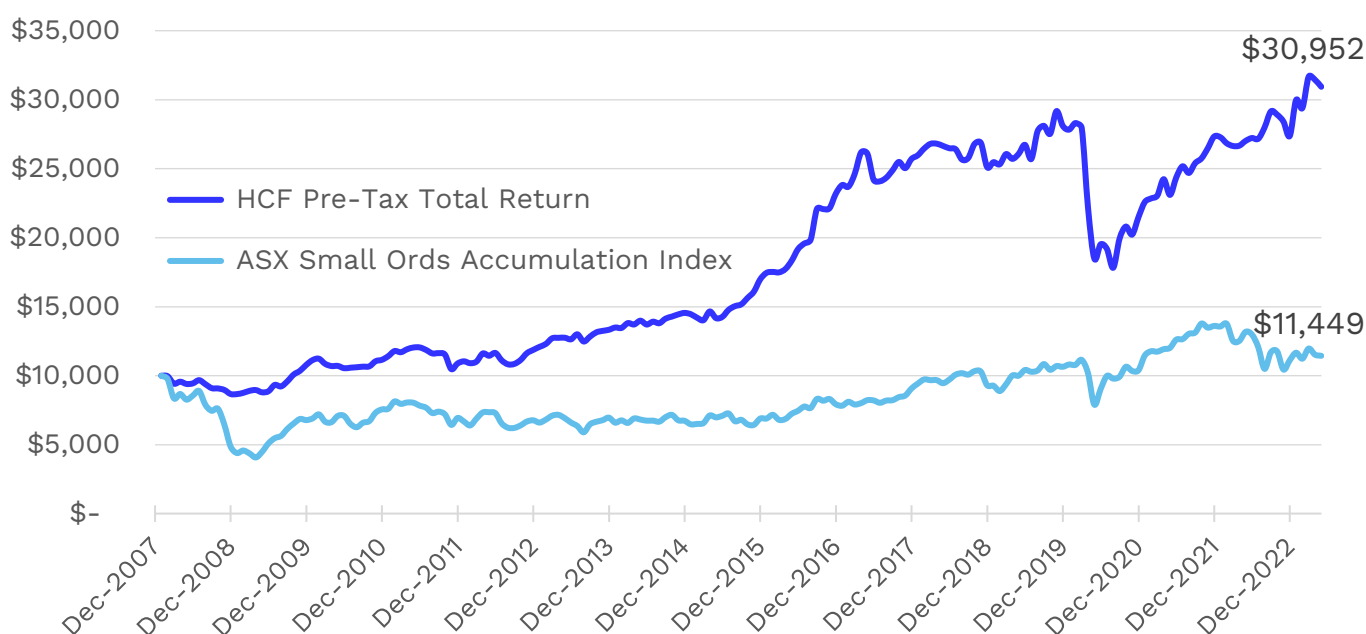


Quarterly Report March 2023

Highlights during the quarter

- Declared and paid first dividend of \$0.02 per share
- Invested \$3.3m into existing holdings and new microcap companies
- Portfolio returned 5.2% (pre-tax; net of all fees)
- Pre-tax NTA per share of \$1.097 (after dividend) compared to \$1.064 at last quarter end

Value of \$10,000 invested since inception as at 31 March 2023



*Performance data is after all fees and includes the original vehicle, H&G High Conviction Fund, launched in November 2007, until 23 June 2022, and the performance of H&G High Conviction Limited since 23 June 2022. Performance of H&G High Conviction Limited is calculated monthly as profit before taxation divided by opening net assets (adjusted for capital movements and dividends during the month, if any).

Commentary

The H&G High Conviction Limited (HCF) portfolio returned 5.2% after all fees for the March 2023 quarter. The main contributors were **Po Valley Energy (PVE)** (up 16%), **Kiland (KIL)** (up 11%) and **Anagenics (AN1)** (up 25%).

During the quarter, HCF invested a net \$3.3m cash into existing and new holdings, taking advantage of the continued sell-off in microcap companies. HCF continues to look for opportunities to deploy its capital into securities that: (i) offer **significant potential return**; (ii) have **limited downside** due to a high margin of safety; and (iii) are run by a board and/or management with **significant shareholdings**.

Update on largest portfolio holdings

Po Valley Energy (PVE; 14% of HCF) shares increased by 16% during the quarter. PVE continued to work towards first gas production in the first half of 2023 at its onshore field, Selva. Natural gas prices in Europe remained well above the historical average with a significant shortfall in supply expected for at least the next year.

Kiland (KIL; 14% of HCF) shares increased by 11% during the quarter. KIL initiated an on-market buyback to purchase at least 3% of its shares. KIL continued the redevelopment of its 14,500 hectares of fire-damaged tree plantations into agricultural land in addition to its carbon removal biochar project.

Centrepoint Alliance (CAF; 7% of HCF) shares increased by 5% during the quarter. CAF released its first half results and paid an interim and special dividend. We believe CAF's valuation is low considering it trades on a normalised net dividend yield of 6.8% (fully franked) and has strategic merit with a network of over 500 financial advisers.

Other activities and outlook

During the month we invested a further 4% of the portfolio into **Connexion Telematics (CXZ)**. Part of this was achieved through an asset swap, in which we acquired CXZ shares in return for HCF shares. CXZ offers fleet management software for car dealers. Its biggest customer is General Motors, who has mandated the use of CXZ's software for all affiliate dealerships in the US. Despite being profitable, well-managed, and engaging in an on-market buyback, CXZ's shares trade at a low market valuation of 5x our expected forward EBIT.

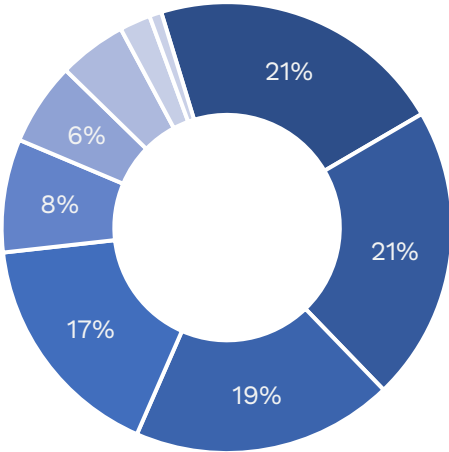
We also invested a further 3% of the portfolio into **Anagenics (AN1)** as a sub-underwriter to its entitlement issue. AN1 is a beauty company that distributes skincare products into the Australian market. It is near breakeven, generates annual revenue of around \$10m and is trading on an enterprise value of \$7m. AN1 is well-positioned to use its excess cash to build its portfolio of brands and achieve the scale necessary to make meaningful profits.

The global economy and markets remain precarious. We maintain downside protection for our portfolio by way of physical gold and S&P 500 put options.

As ever, please don't hesitate to reach out to us with any questions.

Top Holdings	% of Gross Portfolio
PO Valley Energy Ltd (PVE.AX)	14%
Kiland Ltd (KIL.AX)	14%
Centrepoint Alliance Ltd (CAF.AX)	7%
Anagenics Ltd (AN1.AX)	5%
Connexion Telematics Ltd (CXZ.AX)	5%
Cirrus Networks Holdings Ltd (CNW.AX)	4%
Hillgrove Resources Ltd (HGO.AX)	3%
Ensurance Ltd (ENA.AX)	3%

Primary Exposures as % Equity Holdings



- Real Estate/Land, 21.3%
- Energy, 21.2%
- Financials, 18.8%
- Information Technology, 16.7%
- Consumer Staples, 8.1%
- Materials, 5.9%
- Industrials, 4.9%
- Agriculture, 2.2%
- Utilities, 0.9%

**"The intelligent investor is a realist
who sells to optimists
and buys from pessimists"**

– Benjamin Graham
(Warren Buffet's mentor)

Pre-tax performance as of 31 March 2023	3 months	12 months	7 years p.a.	10 years p.a.	Since inception p.a
HCF Pre-Tax Total Return*	5.2%	14.5%	7.8%	9.3%	7.6%
<i>ASX Small Ords Accumulation Index</i>	<i>1.9%</i>	<i>-13.2%</i>	<i>6.8%</i>	<i>5.2%</i>	<i>0.9%</i>
Outperformance	3.3%	27.7%	1.0%	4.1%	6.7%

*Performance data is after all fees and includes the original vehicle, H&G High Conviction Fund, launched in November 2007, until 23 June 2022, and the performance of H&G High Conviction Limited since 23 June 2022. Performance of H&G High Conviction Limited is calculated monthly as profit before taxation divided by opening net assets (adjusted for capital movements and dividends during the month, if any).

Company Information

Name	H&G High Conviction Limited
ASX Code	HCF
Company Type	Listed Investment Company
Shares on issue	22,417,334
Share Price	\$0.96
Market Capitalisation	\$21m
Investment Manager	H&G Investment Management Limited
Management Fee	1% plus GST p.a.
Performance Fee	20% of benchmark outperformance, with a high watermark

The Team



David Groves
Chair – H&G High Conviction Ltd



Nick Atkinson
Director



Joseph Constable
Portfolio Manager & Director



Sandy Beard
Chair – H&G Investment Management Ltd



Virginie O'Keefe
Company Secretary



Arthur Fokschaner
Senior Analyst

Disclaimer: This performance report has been prepared by H&G Investment Management Ltd (ACN: 125 580 305; AFSL: 317155) on behalf of H&G High Conviction Limited to provide you with general information only. In preparing this report, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither H&G Investment Management Ltd nor any of its related parties, their employees or directors, provide and warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Prospectus and TargetMarket Determination before making a decision about whether to invest in this product.